## J. WALTER THOMPSON

**Norm Varney, senior vp, new electronic media development**

Dunlop
Orkin
Six Flags Over Georgia
Activision
Kemper
Kraft
Quaker
Ford
Anco
Champion
Kodak
Reynolds
American Gas. Assn.
Goodyear
U.S. Marines
National Education Assn.
Hyatt
Gerber
Sears
Monroe Shock Absorbers
Lever Bros.
Warner-Lambert
Genesco
Cable networks used include: ESPN, WTBS, WOR, WGN, USA, WEATHER, MTV, USA, CBN, CNN, CNNHN, TNN, ARTS, SNC, BET, BUSINESS TIMES, NICKELODEON, SIN, LOCAL and REGIONAL.

Estimated billings in cable:
1983: $14 million
1984: $20 million

## YOUNG & RUBICAM

**Ira Tumpowsky, vp, group supervisor for cable**

General Foods (WTBS, CNN, USA)
Lincoln-Mercury (CNN, ESPN, Business Times)
USA Today (CNN, WTBS, SNC, ESPN)
Johnson & Johnson (WTBS, CNN)
Ford Motor (USA, BET, WTBS)
Merrill Lynch (CNN, C/Span, Financial News Network)
Clorox (WTBS)
Rust-Oleum (WTBS, ESPN)
Time (CNN, WTBS, ESPN, TNN, SNC, WOR, USA)
U.S. Postal Service (USA, ESPN, CNN, Business Network News)
Du Pont (Pharmaceuticals) (Lifetime)
Jamaica Tourist Board (CNN)
Suzuki Motor (ESPN, MTV)
Cadbury Schwepps (MTV, USA)
Garcia (ESPN CBN)
AT&T Corporate Campaign (WTBS)
Sanyo Electric (WTBS)
CBS Records (MTV)
Atari Coin-Operated Games (MTV)
Eastman Kodak (WTBS, CBN, TNN, Lifetime, BET, USA)
Murray Ohio Mfg. (Bicycles) (MTV)
JVC (ESPN, USA, CNN)

Estimated billings in cable:
1983 - $34 million
1984 - $37-$38 million

### Key to Abbreviations

**ARTS:** Hearst/ABC Video Enterprise Alapha Repertory Television Service, cultural programing. Relaunched as ARTS Entertainment Jan. 1984, incorporating RCA/Rockefeller Center's Entertainment Channel.
**BET:** Black Entertainment Television, black oriented sports, features and movies.
**CBN:** CBN Cable Network, general interest, all family drama, sitcoms, westerns.
**CNN:** Cable News Network, Ted Turner's 24-hour, all-news channel.
**CNNHS:** Cable News Network Headline Service—short, international and national news update.
**CMT:** Country Music Television 24-hour country-western music video clips.
**ESPN:** Entertainment and Sports Programing Network, predominantly a sports channel with additional early-morning business news—Business Times.
**FNN:** Financial News Network—financial/investments news and stock quotations.
**LIFETIME:** Newly merged Cable Health Network and Daytime services. Women's service/health and fitness from Hearst/ABC/Viacom Entertainment Services.
**MSG:** Madison Square Garden Sports.
**MSN:** Modern Satellite Network—general information channel, including the Home Shopping Show.
**MTV:** Music Television, from Warner Amex Satellite Entertainment Corp.—24-hour contemporary music channel.
**NICKELODEON:** all-children's programing, Warner Amex Satellite Entertainment Co.
**SIN:** National Spanish Television Network—all Spanish programing.
**SPN:** Satellite Programing Network, talk shows, movies, how-to's.
**TNN:** The Nashville Network, country/western music, with variety, comedy and sports.
**Telefrance:** French-language documentaries, movies. Now defunct.
**USA:** USA Cable Network, sports, women's talk shows, children's.
**WEATHER:** The Weather Channel, Landmark Communications 24-hour national, regional and local weather information with special weather features.
**WGN:** WGN-TV, a Chicago independent broadcast station, Tribune Co. superstation.
**WOR:** RKO's WOR-TV, New York, independent superstation.
**WTBS:** Ted Turner's WTBS-TV, Atlanta, superstation.

## BRAND REPORT 95:

# Soft drinks

**Hard rock meets soft drinks this year as marketers seek broader youth demographic identification. Major brands sponsor national tours of pop music groups, push no-caffeine brand extensions, and look to the low-calorie diet end of the market for continued growth.**

1983 definitely was not a hard year for soft drinks.

The five percent growth reported by the industry was attributable to a number of factors including an increase in media expenditures. Primary among those factors was expanded product diversification. In most cases, that diversification focused on what is missing rather than anything added. While absence of caffeine and calories were issues in product formulation, the industry was also undergoing a change in marketing and creative strategy. The second tier brands were seeking ways of increasing product identification

## 1982 soft drink media expenditures for leading brands

| Brand | Total | Magazines | Network tv | Spot tv | Spot radio | Outdoor |
|---|---|---|---|---|---|---|
| Coca-Cola | $46,183,500 | $276,000 | $17,196,700 | $20,097,100 | $6,098,800 | $2,515,500 |
| Canada Dry | 8,600,500 | — | 4,263,900 | 3,832,300 | 461,100 | 43,200 |
| Dr Pepper | 15,422,800 | — | 8,324,300 | 4,649,900 | 2,254,900 | 193,700 |
| Pepsi-Cola | 34,501,900 | — | 7,247,700 | 17,948,300 | 8,445,100 | 860,800 |
| Seven-Up | 22,414,800 | 33,200 | 14,526,200 | 2,623,700 | 3,410,600 | 1,821,100 |
| Crush | 5,283,800 | | 39,200 | 5,091,500 | 132,000 | — |
| Royal Crown | 7,699,700 | | | 5,765,000 | 1,537,600 | 397,100 |
| **Diet soft drinks** | | | | | | |
| Tab | 18,433,500 | | 10,151,500 | 7,891,000 | 330,500 | 60,500 |
| Diet Pepsi | 14,258,300 | 209,300 | 6,071,200 | 6,684,100 | 1,227,200 | 66,500 |
| Diet 7-Up | 8,072,300 | 268,000 | 5,571,900 | 1,205,200 | 1,603,500 | 23,700 |
| Diet Rite | 4,367,200 | | | 4,161,100 | 206,100 | — |

Source: MSI, RER.

with a younger demographic, and looking to associations with pop music performers to do that job.

Last January, Canada Dry, following the purchase by Dr Pepper, sponsored the national tour of the pop-rock duet, Hall & Oats. And in November, Pepsi-Cola announced it was sponsoring the reunion tour of the Jacksons, including the ubiquitous Michael. With its $10 million entry fee, Pepsi-Cola will use footage from those concerts. Coca-Cola is also sponsoring a tour by Duran Duran.

Meanwhile, Dr Pepper has switched from its "Be a Pepper" campaign to a new positioning based on the Stanford Research Institute VALS (Values and Life Styles study) to woo the expanding numbers of inner-directed young people.

This revolution in soft drink marketing was started nearly two years ago when Seven-Up decided to make the absence of caffeine in the brand a positive product attribute. Although decried by the industry, the move, heralded as a trend, was soon followed by Pepsi Cola, Sunkist, Dr Pepper, and Coca-Cola USA.

Industry estimates for the year indicate that there is more interest in no-caffeine products than was at first presumed. Winners have been Dr Pepper and Pepsi Free, which has expanded to a diet version.

For all the activity associated with caffeine-free products, much of the industry success came from the diet category. One industry observer said, "The diet category really exploded last year." In fact, that segment posted a 20% gain.

Low-calorie is considered by most producers to be the major growth area for the remainder of the decade. The improved flavor possibilities created by the new sweetener, aspartame, to which most diet sodas are switching, is a strong factor in enhancing diet soda popularity.

A major factor in the expansion last year was the introduction of diet Coke. After completing the national roll-out in mid-year, the new Coca-Cola USA brand had moved into the top 10 selling brands. Most of this has been good news for Coca-Cola USA, but some of the sales success of diet Coke came at the expense of TAB, the company's long standing diet soft drink leader.

While sugar and caffeine are increasingly out of soft drinks, the jury is still out on sodium. Royal Crown Company took the initiative in late summer to bring out a sodium-free product for those concerned about high blood pressure. Although Royal Crown may be on the right track with a sodium-free entry, no other producers have come out with competing products.

And the dark horse in the soft drink market, Procter & Gamble, has yet to make a big move. Industry observers continue to wonder what P&G will do with its Hires root beer and Orange Crush brands. The main question is how P&G will approach the market, through franchised bottlers, or through a warehousing system, as Shasta does.

Should P&G prove serious in its soft drink efforts, the industry leaders will be up against some formidable competition.

Meanwhile, the fiercest battle in the industry continues to be between Coke and Pepsi. Industry insiders indicate that Coca-Cola has been able to withstand the inroads made by Pepsi Cola with its taste test campaign. Sources contend Pepsi Cola and other PepsiCo. brands have been suffering in the battle with Coca-Cola USA since the departure of President John Scully.

In the aggregate, Coca-Cola USA has been on a roll since the introduction of diet Coke. Despite cannibalization from Tab, the momentum of the brand apparently has had a rub-off effect on

the whole Coca-Cola family of brands.

Spending coincides with brand share for this market, as it does with most. Coca-Cola was the major presence in the media in 1982, and continued to be in 1983. The 1982 total for just the Coca-Cola brand came in at $47 million. Pepsi Cola followed at $35 million; Seven-Up at $23 million; and Dr Pepper and Royal Crown at $11 million each.

A contender in 1983's figures, not available for the year until April, will be diet Coke.

Among the other diet drinks, Tab was the leader in 1982 with $18.4 million, followed by Diet Pepsi, $14.3 million, Diet Seven-Up, $8.1 million; and Pepsi Light, $5.7 million.

Television remains the mainstay of soft drink media plans, heavily supported by spot radio in many cases. The major user was Pepsi Co., with $13.1 million, followed by Coca Cola USA at $8.7 million.

### Coca-Cola

The preeminent advertiser in the soft drink category outspent the competition in 1982, and probably achieved that distinction in 1983 as well. Working with the "Coke is it" theme, Coca-Cola USA blanketed spot and network television in the previous two years with its quality lifestyle executions that tie in use of the beverage with an energetic, responsive, rewarding life in leisure-time activities.

Coca-Cola's strategy has been to emphasize local market conditions with spot buys while establishing a strong base with network television. Spot radio also reinforces the lifestyle impression with its musical background.

Magazines have played a scant role in Coca-Cola's overall marketing and media plan, accounting for less than one-half a percent of the advertising budget.

But while covering the nation, Coca-Cola has noticed an area that had been paid insufficient attention: the Hispanic market. President Brian Dyson announced in November a National Hispanic Business Agenda, a program to create a business and civic partnership in support of the U.S. Hispanic community. In making that announcement, Dyson said that Coca-Cola USA "will allocate more than $10 million to reach the Hispanic market, and at the same time, be a helpful partner in meeting key Hispanic needs."

Dyson further advised, "Coca-Cola USA believes that each Hispanic market should be approached individually. This regional strategy will be used in all advertising, promotions, economic development and community relations for Coca-Cola."

Dyson said that Coca-Cola is allocating over $5 million in Spanish language television and radio to reach the Hispanic community in 1984.

Another area Coca-Cola is probing is rebates. At the holiday season in 1983, the company announced a Mickey Mouse Christmas Cash Book. Rebate booklets were distributed in can multipacks and attached to two-liter bottles. The program was scheduled to run through late November to the end of February. It was supported by color ads in *Good Housekeeping*, *TV Guide*

Diario Las Américas Readers Spend Mucho Dinero.
Diario is the one media that reaches and motivates the biggest spenders in Miami's booming Hispanic market.
In the big and growing Miami Hispanic Market, Diario Las Américas is like money in the bank.
Here's why: The average annual family income of Diario Las Américas' readers in South Florida is $27,342.
More than 93% of Diario households have cars; 72% own their own homes; 63% of them consume alcoholic beverages; 45% of them are smokers. And all of them do their daily shopping in the pages of Diario Las Américas—the Spanish-language medium Hispanic Miami swears by.
Collectively, Diario readers spend more than $1.7 billion a year.
That's "mucho dinero" in any language.
Diario. The one media that's always on the money with the Miami Hispanic Market.
Diario Las Américas
The Spanish-language Daily Newspaper
Founded July 4, 1953
DIARIO LAS AMERICAS
2900 N.W. 39th Street
Miami, Florida 33142-5193
Represented nationally by: Cramer, Woodward, O'Mara & Ormsbee, Inc. (CWO&O)

and *People*, with a projected reach of over 25 million.

The promotion was tied-in with release of the Walt Disney film, "Mickey's Christmas Carol," the first animated Mickey Mouse film in over 30 years.

Coca-Cola's long-term diet soda brand, Tab, in the face of diet Coke, was given a new campaign last year, abandoning "Body by Tab" and repositioning the soda with the line, "You're my Tab." A shift from diet emphasis took place in the copy, as the brand was identified in jingle lyrics as "a one calorie friend of mine."

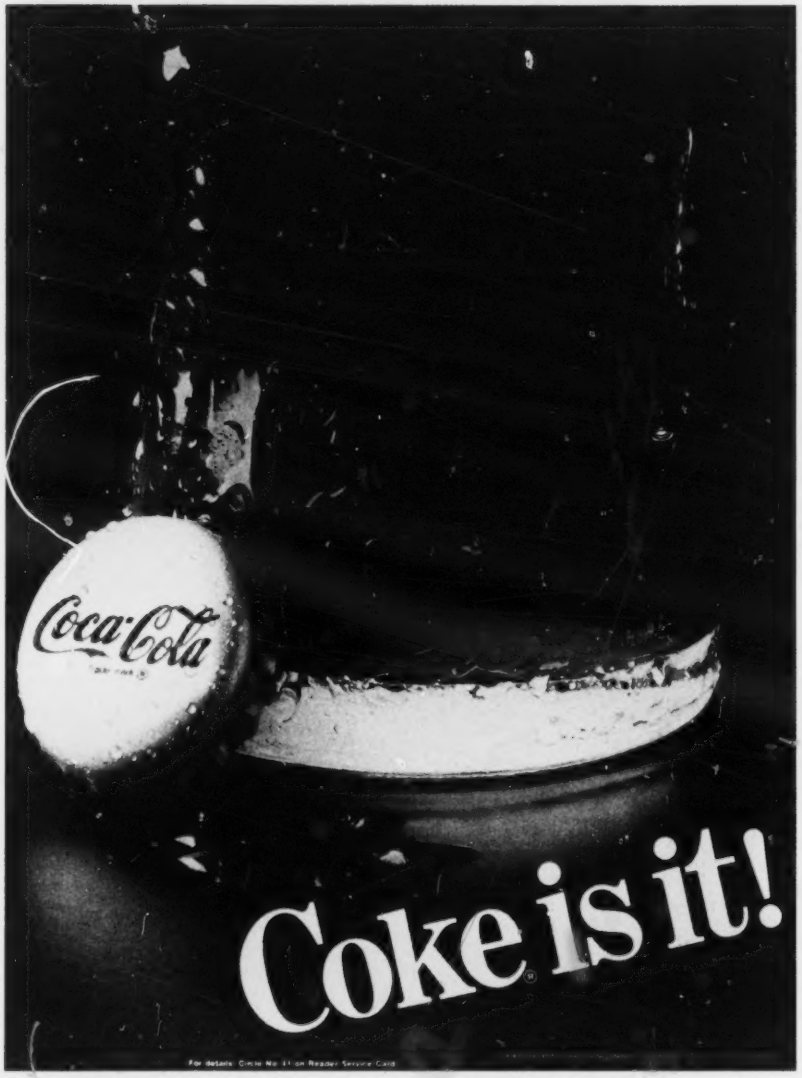
On the other side of the coin, copy stated, "You're not my diet anything." So Tab is eschewing the position of being categorized as an obligatory product in a weight loss program, and is pitched as a beverage of choice which contains only one calorie.

The media plan for Tab in 1982 placed primary emphasis on network television, $10.2 million out of $19 million, and $7.9 million in spot tv. Tab was also seen in women's magazines, with $1.1 million.

Sources at Coca-Cola USA indicate that low-calorie products will get the heaviest advertising support in the near and distant future. "The focus of the marketplace continues to be in the low-calorie cola segment. These will get the heaviest support, but will continue to support the parent Coca-Cola brand," a spokesperson said.

The caffeine-free versions of Coca-Cola products currently have about 2.5% share, according to the source. "These products have performed up to our expectations, but those expectations were never very high. They continue to present a choice to the consumer."

As for no-sodium products, Coca-Cola USA is taking a wait and see attitude. No clear reading of the potential for such products is expected until after the Royal Crown no-sodium brand achieves national distribution later this year.




**Coca-Cola uses print sparingly, and makes its point simply when the brand is advertised in beverage trade publications.**

### Pepsi Cola

Smarting under the heavy assault from Coca-Cola, PepsiCo is revamping its soft drink advertising strategy for 1984. Although outspent by Coca-Cola, Pepsi supports the flagship brand substantially, and invested about $35 million in 1982.

Media strategy for the brand has been to rely heavily on the local opportunities offered by spot broadcast, to an even greater degree than Coca-Cola. That strategy is not likely to change in 1984.

But new campaigns for diet and caffeineless Free, are likely to expand media commitments in 1984. In addition, Pepsi's pop music association opens up opportunities for sponsored concert broadcasts on radio, if not on tv.

What will change is the creative and positioning approach for Pepsi Cola, Diet Pepsi and Pepsi Free.

Pepsi's new campaign, featuring the hot rock group, The Jacksons, breaks on the 28th of this month on the *Grammy Awards* telecast. The company announced last November it was sponsoring the reunion tour of the Jacksons to the tune of about $10 million. Included in that package was the right to use footage shot at those concerts in Pepsi Cola commercials.

A company spokesperson said, "We were looking for a new promotional avenue, and while many sports figures have been used in the past in association with soft drinks, we think that sports figures have been tapped out. We felt we needed a new direction and feel that rock music and The Jacksons are a new exciting avenue for us that

we can use in promotions, advertising and merchandising."

The PepsiCo revamp doesn't stop there. A new campaign is now rolling out nationally for Diet Pepsi, which has been reformulated to an aspartame base. Theme for the new campaign is "Taste. Improved by Diet Pepsi."

The new spots for television are described as a radical departure from usual soft drink advertising. The reason: there is no music, no jingle. The spots are made up from snippets of conversation between two people, with Diet Pepsi as some of the subject matter.

Some executions of this idea will also appear in print. Although the schedule had not been set at time of writing, it is likely women's magazines will be on the schedule.

A new commercial treatment is due for Pepsi's caffeineless cola, Free. But this is still in the planning stage and the new treatment had not yet been set. Meanwhile, spot and network television continue to be the mainstays with the musical theme, "We are Pepsi Free," sung to the tune of the Sister Sledge hit song, "We are family."

Overall questions facing PepsiCo in the soft drink market in 1984, are how to meet the challenge posed by diet Coke, and how to position Pepsi Light. Some industry observers suggest Pepsi might take its Pepsi Challenge to the diet segment, and slug it out head to head with diet Coke on a taste basis. In any event, the need to respond to Coca-Cola's leveraging of its brand name in the diet cola area can't be ignored.

### Seven-Up

The Seven-Up Company has demonstrated in the past two years just how dangerous taking a market for granted can be. By making caffeine an issue in soft drink marketing, Seven-Up developed an agenda for advertising from data that had been in existence, but neglected, for years.

When Seven-Up decided to tie its future to the absence of caffeine, it had slipped from the third spot in brand share to fourth. Since then, the brand recouped third place.

Along the way, Seven-Up found it could capitalize on the equity it still had in the memorability of commercials from the 1970's, in which West Indian dancer Geoffrey Holder personified the brand. He fronts the ongoing campaign which positions Seven-Up as giving "freedom of choice — no caffeine, no artificial flavors, no artificial color."

Seven-Up takes a distinctly different stance than its competition in media selection. Where Coca-Cola and Pepsi Cola rely heavily on spot tv, Seven-Up places the emphasis on network television. In Seven-Up's case, cost efficiencies weigh more heavily in the decision than disparities in performance from market to market.

Dr Pepper had invested the bulk of its dollars in recent years.

Slogan for the new campaign is "Hold out for the out of the ordinary — hold out for Dr Pepper." Millheiser said the new campaign comes out of an evaluation of the Stanford Research Institute's Values and Life Styles Study. "As we see it, there is a new trend among the inner directed, and a whole new realm opening up. We currently see 30% of the young population as being inner directed; it's the most rapidly growing segment. Our projections indicate inner directeds will make up 60% of that population by 1990."

**Dr Pepper took a page from the Values and Life Styles studies for its new campaign to reach the inner directed segment.**

### Dr Pepper

After a brief stay in the number three position in soft drink sales, Dr Pepper slipped back to fourth in the face of a revitalized Seven-Up advertising blitz. But Dr Pepper isn't taking this lying down.

Even the leveraged sale of the company in the closing weeks of the year to Forstmann Little & Company, for $513 million added momentum. The assets of the company are pledged as collateral for the purchase. The bid by Castle & Cook was not accepted.

With the new year, Dr Pepper rolls out a new campaign and new media plan. Brand manager David Millheiser explained the Dr Pepper approach. The new campaign focuses in network television as opposed to spot tv, where

Millheiser is comfortable with whatever degree of turn-off this campaign to the inner directed produces. "Those with an inner directed interest will jump in," he believes. "We must be differentiated from the mass market products," he added.

The media plan for the new campaign focuses on youth-oriented vehicles, and syndication will be associated with such fare as Dick Clark music shows and *Dance Fever*. Most of the buy will be prime time or late night television.

Radio will also be a significant part of the buy, both in spot and syndicated vehicles. Outdoor too, will be a factor in the plan.

Cable is also included, with spots on

a HBO David Bowie show, and time on MTV. "We will have a big presence on MTV," Millheiser said, "both in sponsorship and in rotation. Overall budget, including co-op bottler support is about $35 million.

### Canada Dry

Under the aegis of Dr Pepper, Canada Dry took some steps last year to get the brand moving. First was the sponsorship of the Hall & Oates national tour.

The second was the repositioning of the brand from mixer to mainstream soft drink. The idea was to build on the existing strength the brand has as a mixer while adding the idea of drinking it straight.

In previous years, Canada Dry, while under the ownership of Norton Simon, Inc., maintained a balanced television mix, with about $4.5 million in network tv, and $3.5 million in spot tv.

More money goes into network television, vp of marketing Steve Stenstrom said. And essentially, the major thrust continues to be the positioning of ginger ales as a mainstream soft drink. "That continues to be our number one priority, and will get the greater portion of our media dollars," he said.

As part of that thrust, Canada Dry rolls its sugar free version, with aspartame and saccharin, into a network tv flight this summer.

Rub-off from the sponsorship of the Hall & Oates tour continues to be good, Stenstrom said. "It worked well for us in 1983 and continues to work for us in developing promotional activities around their concerts."

Canada Dry will sign up to sponsor another pop group in 1984, but hadn't determined the group at press time. A network radio concert broadcast is planned for the new group, a repeat of the effort for Hall & Oates.

Canada Dry continues to advertise its sparkling water lines, club soda and seltzer. There is no spokesperson for club soda, as the association with Louis Jourdan was dropped.

Copy for seltzer features the slogan, "Seltzerbrate." A lemon/lime version debuts this year.

A major effort is also planned for tonic water this year, with actor Stewart Granger as spokesman for the line.

**The new Hires campaign from Cunningham & Walsh focuses on the absence of caffeine and its new "luscious creamy great taste."**

### Crush & Hires

The big question mark in the soft drink industry continues to be Procter & Gamble. With its own flavor house and the two brands, the packaged goods giant is in a position to move nationally with both these brands — and whatever else it chooses to introduce.

Orange Crush has distribution in about 80% of the country, and Hires in about 60%. P&G officials won't talk about the possible national expansion of both brands. Nonetheless, they have been busy in 1983.

Both Crush and Hires were reformulated for better flavor, and that fact was touted in creative in 1983. Copy for Crush proclaims, "More orangey, fresher taste." Copy for Hires is more elaborate: "The new Hires taste is a luscious, creamy great taste, and that's just as great as the foam on your face." Visual here focuses on mustaches clinging to Hires drinkers.

Because both brands aren't national in distribution, the primary medium is spot television. And how this must nettle P&G, with its proclivity for the efficiencies of network tv.

This month, P&G introduces its reformulated sugar free version of Hires, and a new sugar free Orange Crush. Both brands use an aspartame base, which in the Hires version, replaces saccharin.

The sugar free versions are being offered to current Crush and Hires bottlers for their areas of distribution.

Copy for both brands was still being polished at press time.

While P&G doesn't comment on budgets in advertising, Crush can be expected to come in around $10 million for 1984, and Hires, with its smaller distribution, close to $5 million.

There are no firm indications that P&G is ready to make its move in 1984. National distribution is the key to a major marketing and media campaign of the magnitude normally associated with the package goods giant. But patience has been a company strength over the years, and remains in evidence. *Fred Gardner*

## KNOW CONSUMERS? (from 78)

Ziff, executive vp, director of research and market services at Doyle Dane Bernbach, says that people express social needs personally because of increasing dissatisfaction with external factors, like the government.

At the same time, there is a total absence of a common awareness among consumers — not only do people interpret needs personally, but they are not even aware that others share their concerns.

Ziff points to the mainstream acceptance of health and fitness. "It is no longer uniquely a fashion statement. But there is no 'We Group' attitude," as opposed to the 'Me Generation.' "These concerns are expressed entirely in terms of self-fulfillment."

Another common concern, says Judith Langer, of the New York-based Judith Langer Associates, is quality, and to a certain extent, durability.

One marketer to adopt this line in advertising is Ford Motor Co. Chuck Schneider, national media analysis manager, explains that the emphasis on quality helps unify advertising to different segments. The segmented advertising, he says, "revolves around different lifestyles: working woman, mature adults, Hispanics, youth. All of these have distinct media consumption patterns.

"Durability is a platform. Everybody wants to feel they've made an intelligent purchase. That's why we advertise Ford as a quality product with service and durability." He notes that the approach has been successful: "the consumer will return to the product, and will recommend it. That word of mouth recommendation, you can't buy with advertising."

Langer notes that this type of consumer behavior is likely to become more prevalent. "Consumers are more likely to check out products. Not to take them at face value. This doesn't necessarily mean they are behaving more rationally.

"And advertising has begun to respond to this, by addressing the consumer more intelligently." At the same time, she notes, people have become more conscious of being influenced by advertising.

"There is a danger of alienation, for example, when a manufacturer addresses a single segment to the exclusion of others." The increasing self-consciousness about lifestyles has made consumers more attuned to messages that do or don't reflect their own.

For example, only 7% of U.S. households fall into the once traditional family demographic: working father, non-working mother, two children. Single housholds, on the other hand, are growing, at 6% among women, 13% among men. Langer says that portraying one type of household might mean that another demographic "couldn't relate to it."

Arnold Mitchell of SRI International, who devised the VALS system, believes that the attitudes that differentiate consumers are more relevant than the product demands they unwittingly hold in common.

"Whenever you can match the product to the consumer profile, two things happen. First, of course, it's the way you would wish the market to work. And then, there is a far greater chance of making a sale, than with a more diffuse strategy.

"You can narrow the market niche, and use a stiletto appeal to market to the segment." Mitchell notes that such a strategy is likely to get the marketer a very loyal consumer.

Two mass marketers, General Foods and Dr Pepper, have adopted this tactic and modified it in their new marketing strategy.

David Millheiser, brand manager for Dr Pepper, explains how the soft drink manufacturer is using VALS to position the brand. Even though soft drinks are a mass market, broad-based category, he says, "Dr Pepper has always had to be different — we've had to zig when the others zag."

Targetting the 'inner directed' segment, which Millheiser says currently makes up 30% of the population, is a "way to target in close to people likely to be responsive to a distinct message." This positioning, strongly skewed toward the youth market, is a return to an earlier strategy, and a contrast to the more recent "Be A Pepper" campaign, which has become mainstream.

Millheiser adds that there is a tendency among the population to have inner directed values, even among those segments not typified as 'inner directed'.

"But it's really a double edged sword for us," he explains, because of the high rate of growth of this segment among the youth market. By 1990, the segment is expected to comprise 60% of the population.

"We don't expect to be walking away from the mass market," Millheiser says. "but it's a way for us to become a strong niche player."

General Foods has responded to fragmentation by "breaking down the groups into micromarkets," according to Gene Ritchie, a spokesman for the company. The trends he sees as significant for GF are the aging of the Baby Boom generation, the decentralization of the population, and the growth of the 'Baby Boomlet' group.

Observers have christened the approach a tiered one: GF determines primary and secondary profiles for users of specific products, and allocates marketing and advertising weight based on these 'tiers' of consumers.

"Yes, we're doing more of that," says Ritchie, adding, "we are not abandoning the mass market. Generally, we are focusing on media as well as marketing more closely."

"We will continue to use mass media in a segment-specific way," he adds. "It's a way for us to reach the consumer with a segmented approach," appealing to a distinct lifestyle, "without abandoning the mass base."

This is an approach that would find favor with most market researchers, who, in one characterization or another, typify the modern consumer by an ever-increasing self-consciousness. Consumers' desire to differentiate themselves has made segmentation in the marketplace more observable — whether in VALS attitudinal terms, or CLARITAS' geographical segments. Along with increased heterogeneity, has come a greater level of tolerance for differences.

"This means more product opportunities," says Doyle Dane Bernbach's Ziff. She does not feel that the rising cost of new product introductions will deter marketers.

Mitchell is not sure how the rate of new product introduction, which has

doubled in the past ten years years, has affected brand loyalty and consumer attitudes toward new products. The 1964-1979 average of 825.1 introductions a year has risen to 1,644 in 1983, according to the Dancer Fitzgerald Sample New Products newsletter.

"It doesn't necessarily mean more fads and fewer trends — less brand loyalty and greater turnover. If the market you're aiming at is very volatile — a highly individual consumer, for example — then if you are a wise manufacturer, you'll know it will crest in a hurry and then poop out.

"There are other segments that won't behave that way, and that are more profitable and stable. Health-concerned people, for example. You're not talking about a volatile product there."

The risk of boring the consumer with product and advertising proliferation seems small to most market researchers. Langer points out that a small group is likely to abandon brand loyalty for constant new product trials. Overall, however, most consumers need the reassurance of consistency.

"I don't know that consumers are getting bored with new products," she says. "What is apparent is that they are more discriminating about them. There's no built-in desire, from the consumer's point of view, for much of the new technology, for example."

Mitchell says he has observed a similar sophistication among consumers. "It really has more to do with common denominators, rather than disposable income — education, a certain level of global awareness. The wider perspective, the less likely the consumer is to be influenced by advertising. It is up to the advertising to change in response to the consumer. Because advertising is still essential — if you haven't heard of the product, you won't buy it."

So, even though media preferences skew toward print with increasing disposable income, Mitchell says, it is not necessarily true that the wealthier demographic will be more sophisticated or less impacted by advertising.

"We know more about the upscale segment. There may be a problem of impacting them, but sophistication is not correlated to income alone."

Barbara Bryant, of Market Opinion Research, suggests that the best way for marketers to view the consumer, is to recognize that the income differences they have always responded to in advertising are accompanied by sharp attitudinal differences.

"As attitudinal segmentation becomes more pronounced — which it has," she says, "marketers should design their messages and media toward these better defined segments."

Overall, market researchers agree that the mass market concept is obsolete. Langer suggests that the changes are only being perceived by the manufacturing sector because the composition of businesses tends to be more conservative than the overall population. Others, like BrainReserve's Popcorn, notes that it is not enough for manufacturers to insist that they have been segmenting the market. It is, according to her, more a question of understanding the underpinnings of the newly-perceived disparities.

Call it self-consciousness, selfishness, self-centeredness; it is the common theme running through all the market research through all aspects of life. Langer, for example, points out that people no longer save for their children.

"Even though they don't necessarily expect their children to be as well off, they do expect them to be self-sufficient," she says.

Ann Clurman, at Yankelovich, Skelly and White, says that there is a reaction toward the notion that money could buy anything in the late 1970's. "It's a changing notion of status, away from the superficial aspects, and back to quality, to achievement." Instead of impulsiveness, the consumer tends to be more motivated by durability as a means for improving his or her individual quality of life.

Popcorn says she finds people seeking to identify and differentiate themselves through external factors.

"There's more involvement and indentification in the workplace. A heightened sense of individualism that is a reaction to numbers. In the same way, people want to see themselves reflected in everything — in purchases, in the place they purchase, in the job."

If 'keeping up with the Joneses' was the rallying cry of the mass market, 'I must be different' is the baseline of the individualized market.

*Laura Konrad Jereski*

## NON-WIRED RADIO (from 71)

the 35-plus stations that are appropriate to the buy."

Yet another concern expressed by industry observers is that stations sold as part of nonwired networks will lose their indentities.

States RKO's Kelly, "Stations are being sold on the basis of numbers. It's an impersonal sell without much thought given to a station's format or commercial environment."

He claims that some agency buyers don't care what a station's programing is. It could be Hawaiian Zither music but if it's got a 5 rating they'll jump on it.

States Charlie Trubia, "There are a lot of buyers just buying stations on the basis of numbers. Buying by the numbers is always a problem with agencies that don't have specialized radio group operations."

As a result, he says, "They're not getting to know the flavor of a station and that's wrong. Radio can't be bought with a tv mentality."

Although most of the rep firms outside of Interep and Selcom and Torbet are not exactly thrilled by the onslaught of new nonwired networks, reactions from the advertising community are decidedly favorable.

Says Jim Lamond, vp media group head for McCann-Erickson, "Anytime someone comes up with a new, viable idea that offers more outlets for advertising dollars and provides more competition, both the client and the agency prosper."

Lamond continues, "The only problem with nonwired networks occurs when different stations with different formats and ratings are grouped together."

For the most part he says that reps are being conscientious about grouping ranked/formated stations together.

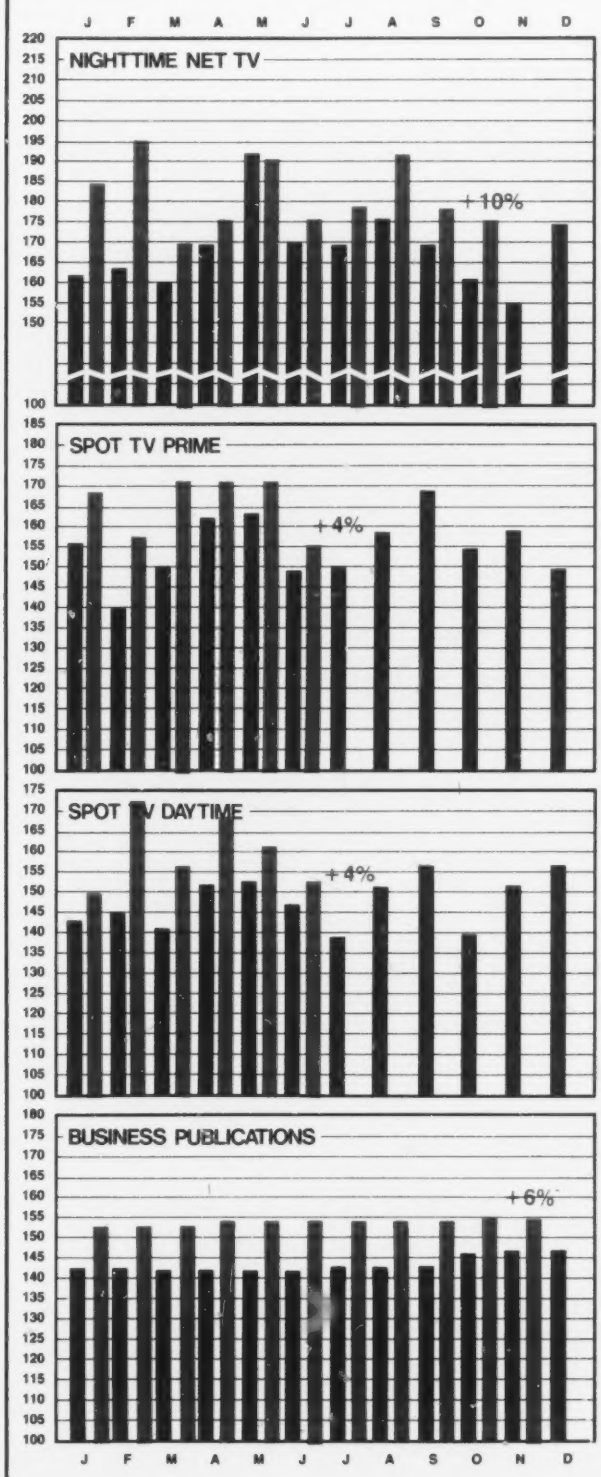
Are agencies getting better buys with nonwired networks? "The jury is still out," says Bob Lynch, radio buyer for Marschalk. "The cost per thousand are probably better with nonwired network as compared to spot."

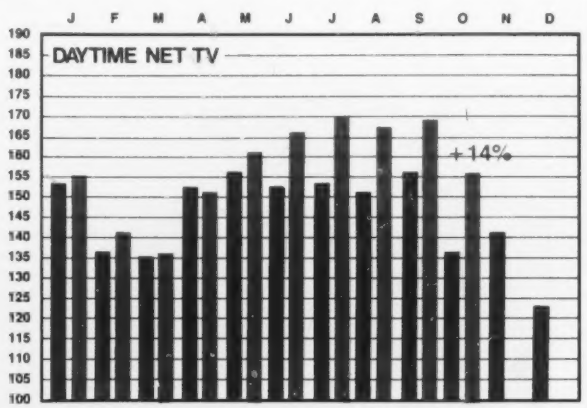
However, Andrea Silk, supervisor of network radio for BBDO says that "Pricing still favors wired networks."

Says Hulleberg, "In some cases the

# MEDIA COST INDEX

Black bars index for 1982; color bars 1983; base year 1977




**With the exception** of network radio, daytime network tv and national supplements, the other media currently reported in this cost series have held to much the same gains reported last month.

The exceptions: **Network radio** up 12% over October 1982, a radical change from the 2-5% range shown for the middle six months. The other broadcast boomer, **daytime network tv,** reflects a gain of 14% in the month-over-month comparisons and up from 9% in September.

**National supplements** also showed an increase in rates higher than last month's month-over-month reading — up 17% against 15% last month. The November cost index however, is down from October, reflecting a sizable dip in rates reported for November '82 from October '82.

The remaining media in the index reported rate increases over the same 1982 month (October or November) as follows: **Outdoor** — up 10%; **consumer magazines** — up 7%; **newspapers** — up 10%; **business publications** — up 6%; **nighttime network tv** — up 10%.

The spot radio industry continues to be unable to come up with any data, on a continuing basis, to reflect rate changes. Spot tv data, compiled on a new basis, is being studied to determine comparability with the previous series.

**The Media Cost Index** reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

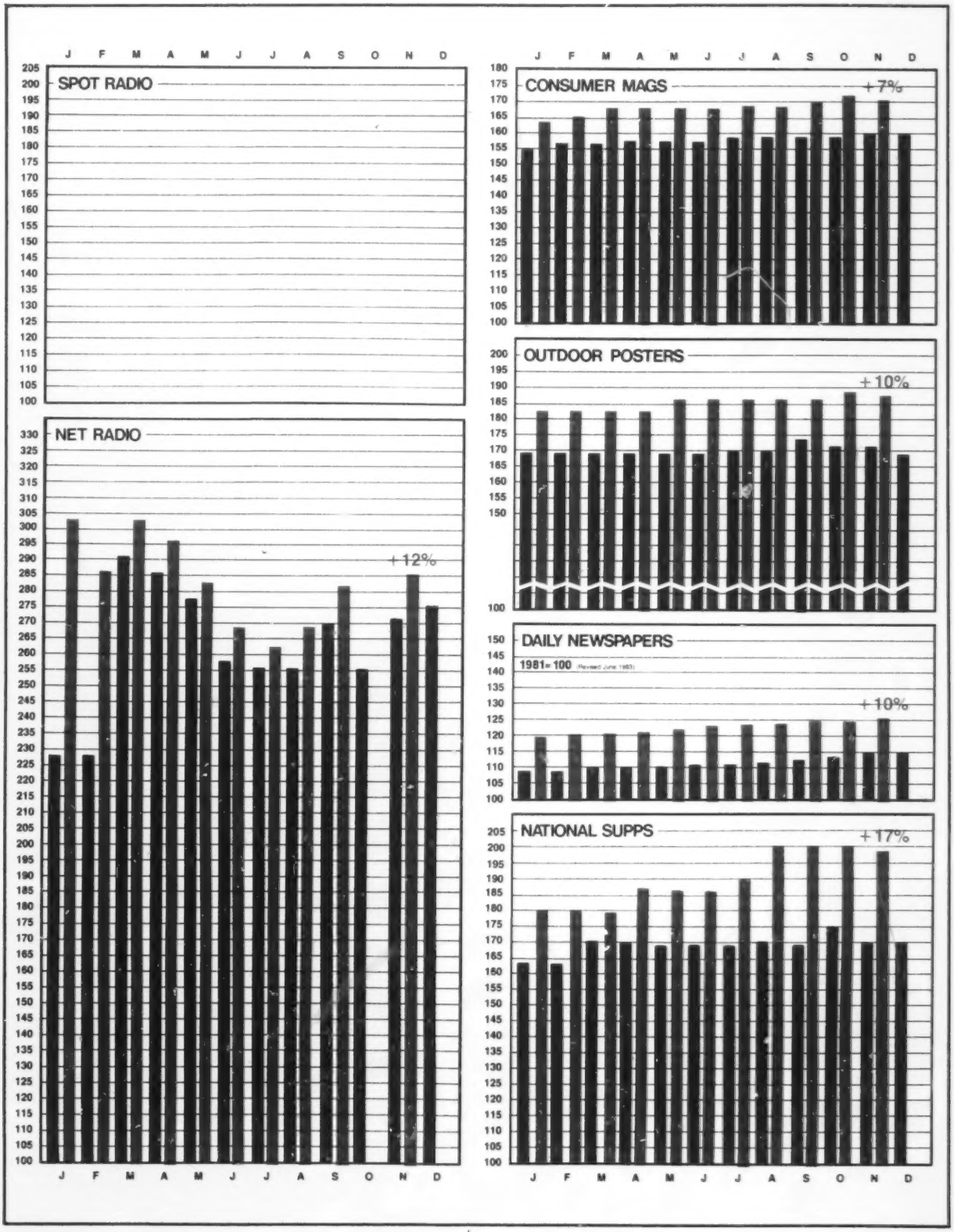
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. Spot Radio data to develop a continuing index are not available at the present.

**How to read: Media Cost Index** reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

# MEDIA COST INDEX (continued)

Black bars index for 1982; color bars 1983; base year 1977



protecting some vested interests.

Bob Turner, president of Lexington Broadcasting, the largest of the syndicators, who is also the president of the nascent Advertiser Syndicated Television Association, says that "while Blair attempts to take a look at the medium, there are a number of mistakes in the report." Turner is sticking to his guns — that ad supported syndication revenue for the 1983-84 season is $500 million, not $320 million as Blair calculates.

Explaining how he arrived at that $500 million mark, Turner says that by taking the rate card pricing for all barter programs that are on and that will be on, the sum is $600 million. Discounting $600 million by 10-15 percent, which Turner says is the average discount, not the 20-25 percent discount that agency media directors say they usually get on barter programs, "you'll get about $500 million."

Turner disagrees with Blair's methodology which discounts from the rate card price by substantially more than 15%. For example, he notes that the Blair study did not take into account that *Fame*, goes for full rate card and is not discounted at all, and that *Entertainment Tonight*, has actually had an increase over its rate card price.

"While some shows are discounted for more than 10-15 percent, it all averages out to about 10-15 percent, when you take those examples into consideration," Turner states.

This month a meeting of the minds will take place as some ASTA members meet informally with Blair to thrash out their differences. With each side standing firmly behind its numbers, it will be interesting to see what is actually resolved. By the time Blair executives sit down with the syndicators, Blair hopefully will have its second report on barter ready. Blair's second report will analyze the November sweeps; the first was based on May 1983 sweeps using Arbitron market-by-market data.

This go around Blair will take into consideration some of the criticisms raised by the syndicators, reports Blair's Poor. Most significantly, Blair will use both Nielsen NTI's and Arbitron market-by-market numbers. ASTA's Turner says that "Blair has made some misassumptions. We sell and guarantee by Nielsen NTI's — a national measurement — not on Arbitron's ratings for local markets.

**"Bob Turner Lexington Broadcasting**
**The Blair boys are pretty good guys but being reps, they were looking at it differently, market-by-market, rather than nationally."**

"The Blair boys are pretty good guys," he adds, "but being reps, they were looking at it differently, market-by-market, rather than nationally."

While Blair will use both Arbitron and Nielsen yardsticks, Poor says he doesn't expect the $320 million market to vary significantly, although Nielsen national numbers are generally higher than Arbitron's market-by-market.

"We don't want methodology to get in the way of what we're doing, and we don't want to ruin anyone's deal here. All we're saying is that barter ought to be looked at more closely because it is such a growing category," Poor explains.

"Frankly, I wish they (the syndicators) would be more specific about their objections with our study," he adds.

Another change in Blair's second study will be to add a list of shows that was left out of the original study. "We will expand the list, as the syndicators want, even though I think we had them all accounted for in our 'other' category," Poor says.

### The beat goes on

In the meantime, as the dust surrounding Blair's study settles, ASTA is increasing its efforts to spell out the benefits of syndication — to agencies. In mid-January, ASTA began hitting the agencies with its new pitch and a new crusader to its cause.

ASTA has lured Harry Way, former media director for Colgate-Palmolive and a former chairman of the Association of National Advertisers powerful tv committe out of retirement to join its ranks. Way, as ASTA's executive director will be a major spokesman for the organization.

On the subject of the Blair report, Way said that while it was carefully done, "it is slanted." Bringing a buy-side perspective to ASTA's sell side, Way says that in his experience as a network negotiator, he "always favored buying syndication to fill in network.

"Not all network shows cover the country and tend to be weak in major markets where independent stations are very competitive. And syndication is very strong in large markets," Way reasons.

In the meantime, while ASTA and Blair mend their fences, agency media directors remain nonplussed about the report.

The Blair report certainly has not soured any media directors on national syndication, as most report increased expenditures for the medium in 1984.

Over at J. Walter Thompson, for example, Richard Kostyra, senior vice president and New York media director, projects his agency will bill about $28 million in barter in 1984, up nearly 60% over last year's spending in that category.

Kostrya, unlike many of his peers, however, is not so sure that barter will continue to grow at the breakneck pace it's enjoyed in recent years. Kostrya points to an expected slow down in network price increases for next year that will impact barter.

Furthermore, given a choice, most advertisers would prefer to stick to network tv. "It's easier, cleaner and safer," Kostrya concludes.

**"Harry Way, ASTA president**
**Not all network shows cover the country and tend to be weak in major markets where independent stations are very competitive."**

And barter simply is not for everyone, cautions Rick Busciglio, McCann Erickson's senior vice president and director of broadcast. "Those advertisers who need 85% clearance are going to find it tough to find many shows with that type of clearance," Busciglio explains.

But Busciglio sees some national syndication as superior to network. "*Solid Gold*, for example, is pulling double digit ratings, and we're on a waiting list for *Entertainment Tonight*," he adds. McCann-Erickson is currently billing about $2 million in national syndication, up nearly 50% over a year ago. Busciglio sees more budgeted for 1984.

SSC&B, with national syndication billings in the $6 million range, has had some good experience with barter shows. "It works very well for our clients," reports Jack Otter, senior vice president, director of network programing," who adds that as a rule he gets discounts in the 25% range.

"As an agency, we are not supportive of barter, per se, we're interested only in getting the best advertising as efficiently for our clients. If barter can do this, we go in," Otter explains.

And where it does not, SSC&B declines. For example, SSC&B did not buy in *Thicke of the Night*. "Why trade a 14 rated show for a 1, 1 1/2 or 2 1/2 rated show like *Thicke?*" Otter reasons. "But on the other hand, if you're buying a 14 rating in prime time, and you're comparing it with a 12 rating in prime access, why sure," he differentiates.

Otter also emphasizes that his agency "is not siphoned one penny from spot budgets" for syndication, with all dollars coming out of network. Neither does Otter have trouble with make goods. "You're going to get your value there, whether the spot appears in the same show, a comparable other show or cash," he says.

Benton & Bowles, a big player in national syndication spends "a subtantial amount of our $400 million in network on barter," says Phil Guarascio, senior vice president, director of media management. While so much of national syndication is bought last minute, B&B has made it an agency practice to encourage long-term, multi-year buying agreements, Guarascio notes. "And that policy has clearly worked to our advantage. We got into this with our multi-year positions before the marketplace really heated up. Sometimes you just have to take risks," he reasons.

**"I fail to see what the big deal is about the Blair study."**

### Size doesn't matter, but results do

Over at Metromedia Producers, a partner in the *Thicke of the Night*, Tim Duncan, a former Gray Advertising executive and now Metromedia's vice president of marketing, says, "I fail to see what the big deal is all about with the Blair study.

"The only thing I know is that it's going to get a hell of a lot bigger and the growth trend is straight up. Barter has finally earned some respect.

"Barter is a way of reaching the mass audience effectively. If it were so inefficient, you wouldn't see the likes of General Foods and Procter & Gamble participating in it.

"If barter, and all of the alleged problems with make goods and inefficiencies were so problemsome, you certainly would not see P&G participating in *Thicke of the Night* to the tune of $5 million," he concludes.

*Marianne Paskowski*

## L & M LIGHTS UP (from 63)

only 28% of smokers prefer menthol cigarettes and we decided it would be best to redeploy our advertising and promotion money behind other products more likely to appeal to a larger segment of the market."

Thanks to a heavy emphasis on lighter blends as well as continued concentration on generics, Liggett's wholesale cigarette sales were estimated at $600 million for 1983, with generics accounting for half.

What are the company's future plans? States Franklin, "We're not introducing any brand extentions for a while. But in the distant future, it's possible that we'll enter the ultra light segment of the market."

*Madeleine Dreyfack*

## THE NEW ELECTRONICS (from 30)

### Network erosion — fact or fiction

Cable penetration will continue to rise through the decade and by 1990 BBDO estimates that 65 percent of all homes will subscribe to cable as the larger cities become wired.

And this will not bode well for the networks, says the report from the Media Resources and Information Group, "Network Erosion — Fact or Fiction."

BBDO predicts that network shares will fall to 65 percent by 1990 and that "yesterday's 17-18 average rating will become tomorrow's 13-14." Four factors that will lead to this lower network share: the growth of cable, particularly pay cable; growth and maturation of independent stations; quality and cost programing; new technologies.

"For every argument in favor of the stabilization of network erosion, there is an equally compelling one against such a position. It appears to us, that the competitive advantage accruing to the networks during the first nine months of 1983 is temporary and will not be sustained long term," the report states.

BBDO, however, says that this does not imply that the networks are doomed, rather "while they remain important, they are not exclusive, national options for advertisers."

BBDO notes, too, that while the rapid growth of independent stations will subside, indies do pose a serious threat to the broadcast networks as advertisers increasingly accept barter programing. By 1990 indie viewing will represent almost one-quarter of the total time spent watching tv.

BBDO also predicts that "it is unlikely that the networks will be able to win back audiences through extravaganzas such as *The Winds of War* and *Thorn Birds* on a consistent basis." And finally, while video cassette recorders, home computers, teletext, videotex and direct broadcast satellite together represent only about 10% of all U.S. homes today, this number is expected to grow to 50% by 1990, and further erode network viewing.

MARKETING & MEDIA Decisions

MARCH 1984 • $3.00

3/16/84
C2950-2

Guest editor John McNulty, vice president, public relations, General Motors, explains George Washington mini-series sponsorship.
Page 68

0711 01691861 41 93
GREG CHRIS
CONGRESSIONAL INF SVC
4520 EAST-WEST HWY #800
BETHESDA MD 20814
DIR

## Fitness marketers get second wind
Page 60

## affiliate es mean

## Cable nets catch fire
Page 76

# CONTENTS

MARCH 1984, VOL. 19, NO. 3

Guest editor John McNulty, vice president, public relations, General Motors Corporation

## Features

**57 Musical chairs**
Affiliate switches are reshaping network strengths and giving planners and buyers some headaches.

**60 The fitness race**
Even cigarette and beverage marketers are tying into fitness as a life style to sell against.

**62 Getting the right agency**
Common oversights in the agency selection process are skewered by Henry J. Kaufman.

**66 High hopes for fledglings**
Media tyros describe hopes and early experience as they start careers.

**68 GM lets George do it**
Guest editor John McNulty explains why GM corporate sponsors mini-series.

**70 Are advertorials effective?**
Advertorials can be done in-house or outside. Which way works best?

**72 Kaypro's KO punch**
In-box software and low prices made Kaypro a computer success.

**74 Kodak's VCR gamble**
Introducing a third VCR format, Kodak tries to recoup home movie market.

**77 The winning cablenets**
Despite hard times, some cable networks are on the profit trail.

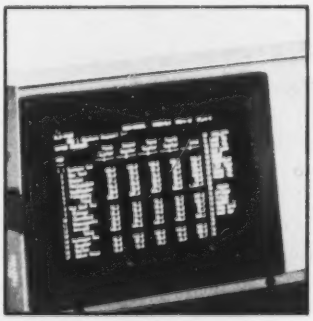
**114 Who's ready for AM stereo?**
The great hope of AM radio is off to a slow start.

**129 Brand report 96: Cosmetics**
Price retailing and repositioning are the 1984 hallmarks of a reviving industry.

## Focus on . . . . . .

**Media fledgling**
(page 66)

**Barry Bostwick as GW**
(page 68)



**Winning computer**
(page 72)

## Departments

**6** Focus on Marketing
**10** Campaigns
**17** Print Beat
**20** Newsmakers
**24** DC
**28** New Electronic Media
**32** Update
**36** Quotes
**40** Futures
**46** Homework
**50** New in Media
**143** Broadcast Beat
**146** Cost Trends

**82 Guest Editorial**

## As They See It

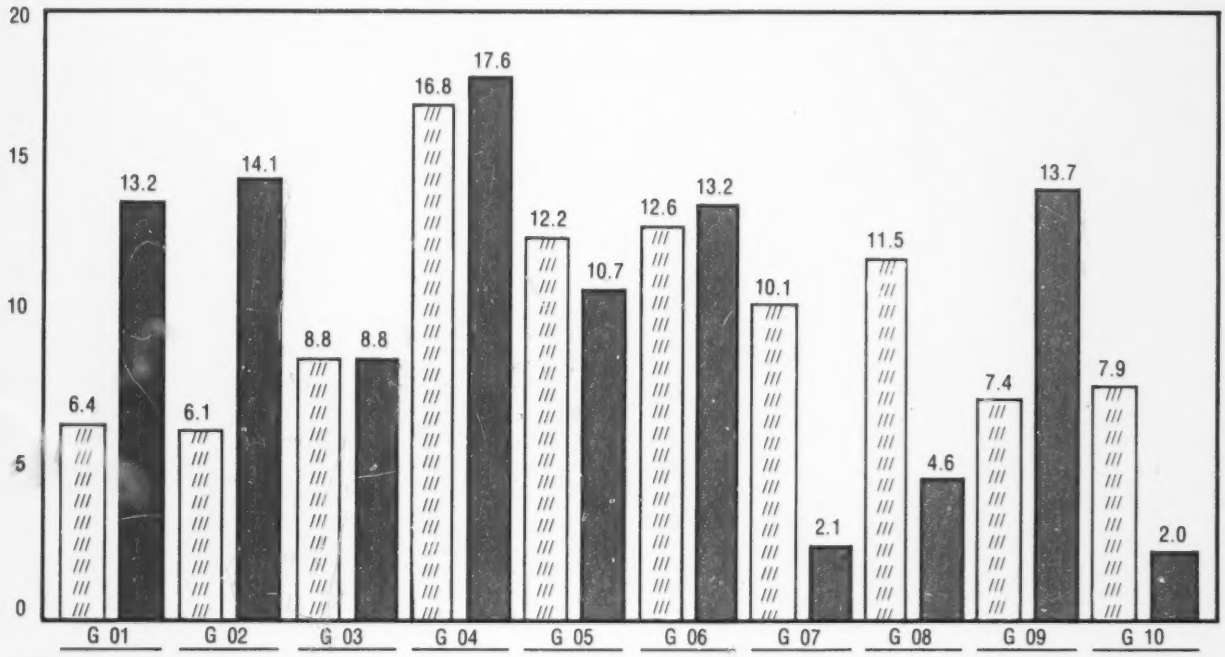
**84** Mediology
Herb Maneloveg
**86** Newspapers
Tom Spasari
**88** Marketing
David Lehmkuhl
**92** Magazines
Arthur Molesphini
**92** Research
Larry Kelly
**94** Television
Richard Kostyra
**98** Business to Business
Lance Nelson
**102** Cable
Ron Kaatz

**MARKETING & MEDIA DECISIONS (ISSN0195-4296) MARCH 1984, Vol. 19, No. 3 Copyright © 1984.** Decisions Publications Inc. Published 14 times. Executive, editorial, circulation and advertising offices at 1140 Ave. of Americas, New York, N.Y. 10036 (212) 391-2155. **Available** without charge to those personally involved in media decisions at major agencies and advertiser companies. For others, subscription prices are: U.S.A. $40 for 14 issues. Canada $50. Overseas $52 (surface mail). Airmail — add $52. Single copy $3.00. All overseas copies are paid. Second-class alternative B postage paid at Burlington, Vt. **Postmaster:** Send form 3579 to Marketing & Media Decisions, 1140 Ave. of Americas, New York, N.Y. 10036.

# QUOTE/UNQUOTE

## Geodemographic Distribution

### National Population vs. Arbitron Meter Markets




Source: Arbitron Ratings
Target AID Market Profiles 1983

## Local meter measurement expanding

Are current television measurement procedures still able to provide valid and timely information in our diverse media environment?

That issue, among others, was addressed to the American Research Foundation by Arbitron Ratings' Dr. Joseph C. Philport, vp, tv advertising and agency sales.

According to Philport, Arbitron is committed to expanding local market meter measurement, and by next April, will measure 11 markets by meter.

Why the expansion? Increased importance advertisers have placed on spot tv, and second, the fragmentation of the local television market due to major population shifts and the growth of new electronic media, Philport said.

Referring to spot tv, he cited that "by 1980, spot allocation had increased to $11 billion" and by 1990: $40 billion. Thus, "as the cost of advertising has risen, the spot market continues to offer an effective way to tailor advertising strategies to marketing needs." And because advertising investments are indeed sizeable, Arbitron has become more sophisticated in their ability to measure the size and quality of local audiences.

One such measurement tactic Arbi-

Continued on page 44

### Cluster Groups

01 educated, affluent, suburban profsn'ls.
02 urban, upscale, profsn'ls.
03 young, mobile, upscale families, new homes
04 young, mobile, average + income, white collar
05 middle age, average + income, white collar
06 mobile, singles, urban workers
07 average income, blue collar, rural
08 older, lower income, rural, old homes
09 downscale, ethnic, urban apartment, old housing
10 downscale, rural, families

## QUOTE/UNQUOTE
(from 36)

tron uses is *geodemography* for a more complete portrait of television and radio markets. One of these systems, called ClusterPlus, (developed by Donnelley Marketing Information Services and Simmons Market Research Bureau) profiles the American population by 47 lifestyle clusters—each a distinct consumer group. Then, the 47 clusters are further sorted into 10 cluster groups, each composed with similar lifestyles (see chart).

Philport compared Arbitron's data with national data and reported some interesting twists: "The national population takes a nearly parametric or normal form. Nearly 75% of the population resides in middle class cluster groups G 03 through G 08. The upscale and affluent suburban and urban segments only represent 13% of the national population, while the non-ethnic downscale and ethnic downscale segments represent merely 15% of the national population." But for the 11 Arbitron markets, "nearly 30% of meter households can be classified as urban or suburban and affluent. In vivid counterpoint, nearly 20% of the households are downscale and ethnic."

The point: spot investments in Arbitron meter markets deliver a complex audience, Philport said.

One common aspect with all the Arbitron groups is that the diary method does not work well; it is too prone to human bias. But when the meter is used, bias is eliminated because it reports electronically. This method makes the meter more useful for the second development, new electronic media. For example, with cable tv offering as many as 100 channels, "the household meter is the best available tool for discriminating the range of tuning selections that occur in sophisticated cable environments."

Concluding, Philport said, "We have expanded our meter measurement into the markets where spot dollar allocation, social diversity and new electronic media growth has made the need most pressing."

### Indies erode tv networks

"Television networks are losing viewers, but advertisers who believe that network erosion is caused by growth of cable tv programing are making a mistake."

So what *is* the cause? **Marcella Rosen,** senior vp, media director at N W Ayer, New York knows the answer. "By far, the largest cause of network erosion is the growth of independent stations and their improved programming," she said at the 11th Annual Convention-Seminar for the Association of Independent Television Stations, Inc.

So if you're an advertiser, you "had best look beyond cable," said Rosen.

Nonetheless, independents must be competitive with the networks, so Rosen offered five areas where independents can accomplish that in order to achieve greater audience and advertising revenues:

- Reach out to media planning groups—sell your 'positives' to them.
- Reach out beyond just indies—you are part of the *entire* tv medium.
- Reach out to new programing ideas.
- Reach out to cable, so that an alliance of the smaller forces in broadcasting can give the giant networks a harder battle.
- Reach out to a network. "I can't understand why a network of independent stations cannot be pieced together for purposes of selling commercial time."

## FUTURES
(from 40)

### Economic expectations: still a concern

Two recent studies reveal that, amid general optimism about the state of the economy, economic factors continue to be a concern to the majority of Americans. Both surveys were conducted in the first week of January.

One study, "The Influence of Current Political Issues on Voting Decisions," prepared by Doyle Dane Bernbach, found that economic issues were second only to concerns over the possibility of nuclear war.

Dr. Ruth Ziff, executive vp, director of Research & Marketing Services for the agency, noted that 28% named 'efforts to avoid nuclear war' the most important campaign issue, followed by concern over the level of unemployment (13%). Respondents, she said, who numbered 532, were more vocally dissatisfied than the researchers had expected.

The economic situation was the major cause of short-term dissatisfaction, with 73% upset about the cost of health and medical care, 66% dissatisfied with the level of unemployment, and 61% with care for the aged, poor and needy.

Another study, released by BBDO, focused more closely on consumers' expectations about the economy in 1984. The results show the increased optimism to be expected in an election year (58% feel the economy will improve), tempered slightly by post-Christmas caution. 91% of respondents said they would either invest or save whatever money was left after meeting expenses.

Attitudes toward purchases remain politically conservative—the 'buy American' mentality is still all-pervasive. The study noted that this attitude was particularly strong in product categories such as automobiles, tv's, wines and clothing.

Of interest to trend-spotters: 93% believe that concern for physical fitness will continue to grow, up from 86% six months before.

# How top cable nets win advertisers

***Decisions* talks with marketing executives from *The Nashville Network, The Weather Channel* and *Nickelodeon* for a progress report on their respective marketing efforts. Yes, there's progress.**

Last year doomsayers rang the death knell for basic cable, pointing to the inability of CBS Cable and the Satellite News Channel to attract operators, consumers and advertisers to their sides.

The criticisms were multipronged—that the fledgling industry lacked the financial, technological and marketing savvy to survive in the increasingly competitive television marketplace of the 80's.

But the survivors of the fallout seem to have learned some lessons from those early failures. Like tulips poking their way through an early March thaw, signs of marketing strategy are beginning to sprout up all over the basic cable landscape.

Those survivors who stayed the course and hurdled the obstacles of financing, finding and distributing programing, are turning their collective and individual attentions to the problems of marketing to consumers, operators and potential advertisers.

Collectively, through the efforts of the one-year old Council for Cable Information, the industry will soon launch a $5 million national image campaign from McCann-Erickson telling consumers "to feel good" about cable, in an effort to create more demand for cable programing.

And individually, a number of services such as *The Nashville Network, The Weather Channel* and *Nickelodeon*, among others, seem to be

## Local Television Expenditures By Pay and Basic Cable Programing Services

| | Jan.-Sept. 1982 | Jan.-Sept. 1983 | % Change |
|---|---|---|---|
| ESPN | $ 77,600 | $1,120,400 | +1344 |
| Nickelodeon | 82,300 | 62,900 | – 24 |
| The Nashville Network | — | 140,400 | + inf |
| Daytime | — | 20,000 | + inf |
| Cable Health Network | — | 28,500 | + inf |
| MTV* | 1,073,100 | 1,074,300 | –0– |
| Cable News Network | 272,300 | 287,300 | + 6 |
| ARTS | — | — | — |
| SPN | — | — | — |
| USA Cable Network | 12,300 | 709,000 | +5664 |
| CBN | 500 | — | – 100 |
| SNC | 9,500 | 296,000 | +3016 |
| CNN Headline News Service | 3,500 | — | – 100 |
| BET | — | — | — |
| SIN | — | — | — |
| FNN | — | — | — |
| Weather Channel | — | — | — |
| Madison Square Garden | — | 16,500 | + inf |
| MSN | — | — | — |
| CMT | — | — | — |
| Telefrance | — | — | — |
| HBO* | 1,406,300 | 592,300 | – 58 |
| Movie Channel | 771,200 | 34,400 | – 96 |
| Showtime Cablevision | 1,355,200 | 1,428,500 | + 5 |
| Cinemax | 20,300 | 1,546,700 | +7519 |
| Disney Channel | — | 58,400 | + inf |
| Playboy Channel | — | — | — |
| Bravo | — | — | — |
| Spectrum | 1,666,800 | 934,400 | – 44 |
| Totals | $6,750,900 | $8,314,000 | + 23 |
| ***MTV and HBO also used network TV as shown below:*** | | | |
| MTV | — | $ 545,500 | + inf |
| HBO | $2,141,600 | 1,708,400 | – 20 |
| Total | $2,141,600 | $2,253,900 | + 5 |

Source: Television Bureau of Advertising from Broadcast Advertisers Reports

**Cy Schneider, former vp-general manager of *Nickelodeon:* "What advertisers want from us is specifically the quality programing."**
**Lloyd Werner, senior vp-marketing and sales of *The Nashville Network*, with "countrygram" direct response promotion.**

reaping some success from their early marketing efforts.

Judging from rising local tv spending figures alone, cable programing services believe in the value of advertising. The Television Bureau of Advertising reports that expenditures in local television by pay and basic programing services is up about 23% for the first nine months of 1983, compared with the same period last year. (See chart, page 76.)

While the cable industry has reached a certain level of maturity, there's plenty of room for improvement, observers agree, warning that there will be more fallout before it's all over. Jay James, Doyle Dane Bernbach's senior vice president, video technology, says he would like to see more market research coming out of the narrow, less general programing services, for example.

"I think they really need to, and can, make a better case for why they're getting higher cpm's than the more mass general entertainment programing services," he explains.

James brings up a future cause for concern, too. In the course of zealously marketing their services, he hopes that "all of the effort doesn't lead to internetwork competition where they start knocking each other in fear of losing the all too few cable ad dollars. That would hurt them all," he cautions.

### Learning from mistakes

Somewhat surprisingly, in the dog-eat-dog world of broadcast/cable sales, one cable executive, at least, agrees with James—that the various cable services should concentrate on marketing basic cable as a whole, and not just their own services. Over at Group W Satellite Communications, a co-partner with Opryland USA in launching the now one-year-old and successful *Nashville Network*, Lloyd Werner, senior vice president of marketing and sales shares that perspective.

Werner brings another perspective to the party, too—the lesson learned from Group W's uphill and lost battle with its *Satellite News Channel*. Last fall, Group W and ABC—partners in the SNC coventure—threw in the towel and sold off SNC to archrival Ted Turner's *Cable News Network*.

Explaining what went wrong with SNC, Werner believes that "the only bad premise with SNC's business plan was that we projected that cable billings for the industry would reach $500 million in 1984, and that we could get about 7% or 8% of that—$40 to $50 million.

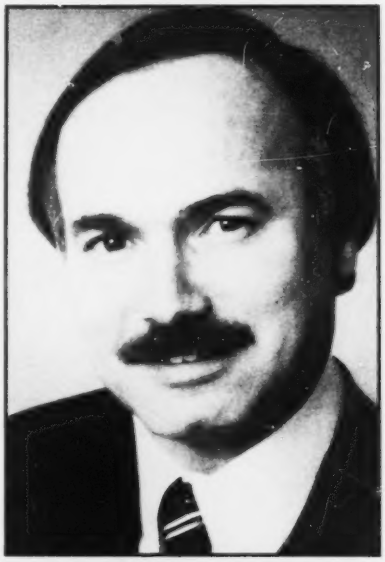
"But we were wrong. We expected ad revenues to grow geometrically with the number of cable programing services available, and that didn't happen. The way the business is actually growing, we project billings to be more in the area of $360 million this year, and at that rate of growth, we still wouldn't have gotten anything back by 1990."

Werner faults the cable systems operators' lack of support as well. "They lack the financial, engineering and marketing skills needed. Frankly, we were amazed. We offered them a valuable alternative to CNN, a weapon they could use to keep rates down. And of course, as soon as we announced that we killed SNC, Turner, predictably, went and doubled the rates for CNN. It really befuddled us, that they, unlike our broadcast stations, could not see SNC as a hedge in bargaining."

So rather than muddle along with a loser, Group W pulled the plug. "We'd rather stay in business than take one glory shot," Werner laughs, but quickly adds, "that's not to say we would not do it again, this time, cheaper."

Group W, Werner says, strongly believes that there's money to be made in basic cable, and that's what they hope to prove with *The Nashville Network*. "We're still in basic cable, because we believe in basic cable," he asserts. "But we should all be talking about things like cable roadblocks, for example, rather than just promoting our own services if the industry is to really grow."

**Michael Eckert, vp-advertising sales, *The Weather Channel:* "Buying cable is not just buying by the numbers. . ."**



**Michael Ban, vp-marketing, *The Weather Channel:* "CCI — effort should not ever replace individual marketing efforts."**

Roadblocking, however, on cable is a rarity, with only a handful of advertisers, such as 7-Up with its caffeine-free drive last summer, participating. "The reason that advertisers won't roadblock now on cable is because we haven't gone the next step and told them how many spots they have to buy, in what time period, to get what cumulative effect," Werner states.

And that's not terribly savvy on the part of cable programing services, who collectively have quite a story to tell. Cable viewing in some dayparts has phenomenal viewership and should be sold as one network, rather than individual services, Werner suggests. For example, Saturday cable viewing between 5 p.m. and 8 p.m. he points out, has a 27 share.

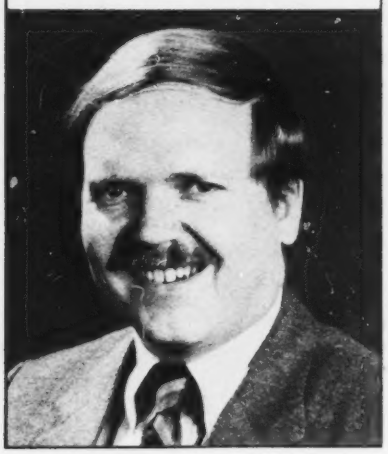
"Advertisers who purchase between 5 p.m. and 8 p.m. can get huge numbers. We want to go to an advertiser and say 'six spots on this, eight spots on CNN, three spots on ESPN, two spots on USA between 5 p.m. and 8 p.m. and you'll get X amount of rating points.' But we have to show them how to do that, and that's what we're working on," Werner adds.

Reaching 12 million homes, TNN in its October Nielsen national coincidental study scored a 2.7 national rating and a prime time share of five. While the early numbers are good, and the service will soon go on the meter, Werner acknowledges that there's a lot of work ahead.

Last month, TNN hired a new ad agency Needham, Harper & Steers, to spend the $2 million it plans to invest in promotional advertising. "While our previous agency Slater Hanft Martin was strong creatively, we needed a shop with more market research, and an agency that has been able to sell itself on cable—and one that has been able to convince a dozen clients that cable is the place to be," Werner explains.

Continued on page 104

**BUSINESS TO BUSINESS**
**By LANCE P. NELSON**
Executive vp,
Associates & Larranaga, Minneapolis



## How to avoid new product blues

New products are a great source of anguish in the food business today. Every executive committee knows that they must have new products in order to grow and perpetuate their vitality in the marketplace. And many very large, very successful food companies are sending treasure chests of money and armies of MBAs onto the battlefield. Yet, new product programs continue to experience one of the lowest success rates of any activity in the food industry.

According to "New Product News" (Dancer Fitzgerald Sample), there have been over 9,000 new food products introduced since 1970, and yet, based on SAMI data, less than 2% are alive today at the $10+ million retail sales level, which is about the minimum size required to hold national distribution: see Table A.

In terms of annual averages, the track record is 710 introductions a year to get 13 new products that are $10 million or larger. Only 13 "winners" out of 710 tries! There's an awful lot of corporate anguish in those numbers. There's a great deal of trepidation in the hearts of those brave MBAs who are being thrown into the battle.

Associated with these 710 tries, there has to be several thousand people asking themselves the question, "How can I get into that small circle of 13 winners?

**Table A**
**New food products success rates**

**New Food Products Introduced Since 1970: 9,231**

| Alive Today With Sales of: | # | Percent of Total Introductions |
|---|---|---|
| $1 million to $5 million | 273 | 3.0% |
| $5 million to $10 million | 95 | 1.0% |
| $10 million to $50 million | 135 | 1.4% |
| $50 million or more | 33 | .4% |
| TOTAL | 536 | 5.8% |

Sources: *New Product News*, Dancer, Fitzgerald, Sample; *SAMI*.

**Table B**
**Top 10 new food products 1970-1982**

| Product | 1982 Retail Sales (millions) | % Households Using |
|---|---|---|
| Minute Maid Refrigerated Juice | $217 | 11.1% |
| Maxwell House Master Blend | $188 | 11.0% |
| Brim | $157 | 6.4% |
| Yoplait Yogurt | $118 | 7.0% |
| Folger's Flaked Coffee | $117 | 9.0% |
| Steak-Umms | $114 | NA |
| Taster's Choice Decaf | $101 | 5.6% |
| Stove Top Stuffing | $ 99 | 11.0% |
| Ragu Homestyle Sauce | $ 95 | NA |
| Weight Watcher's Frozen Entrees | $ 83 | 1.7% |

Sources: *SAMI; Mediamark*.

Nobody, of course, has the answer; and as a matter of fact, one of the biggest pitfalls of new product work is to believe that you've got "the answers" or "the magic formula."

There are no hard-and-fast answers or magic formulas. But, as in any purposeful activity, there are some rules. They won't guarantee success, but they might help you increase your chances.

The rules of thumb that I've observed to most significantly increase the chances for success are:

- Look for a big area of changing need.
- Look for a niche.
- Look beneath the numbers.
- Be the innovator.
- Advertise the innovation.

Let's look at each of these in turn:

**Look for a big area of changing need.**

It is a part of marketing lore that a product exists because it fulfills a consumer need. It follows that a *new* product will have a basis for survival if it fulfills a new consumer need. Looking at it this way, the reason for the low success rate could simply be that there are not enough new needs emerging in an average year to accommodate more than 13 "winners." On this reasoning, if the industry doubled the number of introductions in an average year from 710 to 1,420, there would still be only 13 "winners."

The secret to greater success, therefore, might not be to play the percentages and throw more products into the marketplace. Rather, the secret might be found in looking for those areas that a new product can address.

For example, the recent explosion of new "upscale" frozen entrees—Stouffer's, Le Menu, Dinner Classics, Feast for One—is the result of more women working outside the home. This lifestyle change has caused an increased need for convenience meals, and with the extra paycheck coming in, an ability to afford the higher quality.

If you can't identify or at least hypothesize one of those big areas of changing need for the new product you're working on, you might be marching down the road with the 98% who aren't going to make it.

**Look for a niche**

It is common in New Product circles, and it is human nature, to "go for the whole ball of wax." There's a tendency to want to define the target group as broadly as possible so as not to exclude or turn off any chunk of the population. In point of fact, however, success more often comes from finding a small niche that is only about 5-10% of the population. This is true of the

10 most successful new food products introduced since 1970, as shown in Table B.

You don't have to be all things to all people, and it is often true that in attempting to broaden the product's appeal beyond what's needed for success, you dilute the offering's impact against that small lucrative niche that you need to capture.

**Look beneath the numbers**

This rule of thumb is really a corollary to looking for a niche. Traditional concept testing yields a score called "definitely would buy." If Concept A gets a "30" and Concept B gets a "20," it is often hard to justify anything other than to "go with the winning concept."

The problem here is that one of those "5-10% niches" could be buried in Concept B's numbers. If all you do is look at the total score, you could be overlooking those small niches that are going to mean success—for somebody. If that somebody is to be you, you've got to look beneath those "20s" and "30s." For example, this can be accomplished using other pieces of information and using intuitive reason. Additionally, you can build niche-detecting devices into your concept research, such as diagnostic questions or special sub-samples of segments you suspect to be undergoing the kind of need change that would support a "winner."

**Be the innovator**

It has been proven in the majority of cases that the first product into a new category "owns" that category for a significant number of years, if not forever.

The best example is Miller Lite. Introduced in 1974, Miller Lite still holds over a 50% share of the light beer market, despite all the advertising and promotion thrown behind the large number of "me-too" brands.

Other examples of this principle are Country Time Lemonade Mix, Cup-A-Soup, and Stove Top Stuffing. They were first, and they own the business.

**Advertise the innovation**

The reason the brands cited above own their categories is that they are advertised. Something in human nature places copycats in disfavor. People have a prejudice for the original.

How much to spend is always a difficult issue. The classic study by James O. Peckhan using Nielsen data on 34 genuinely innovative and ultimately successful new products indicated that in the first two years of life, successful new brands maintained shares of voice that averaged 1.7 times the attained share of market. If you're shooting for a 10% share of market in which advertising is $100 million, you'll need to spend an average of $17 million a year for the first two years.

Look for a big area of changing need. Look for niches that are often hidden beneath the gross research numbers. Then get out there first and advertise. These are not the only rules of thumb, but they are the five I've observed to most significantly increase the chances for new product success. They are not hard-and-fast rules. They do not constitute a "magic formula." But they are helpful guides in going after that elusive "winner." ■


# How to make sure L.A.'s biggest spenders read your ads.

Some of L.A.'s biggest spenders aren't on the Times' paper route. The Northern, more affluent part of L.A. has its own newspaper. It's called the Daily News. And 444,500 people see its advertising daily.

It covers a market that spends 11 billion dollars a year in retail sales, with an average of over $17,000 per household. That's 7% greater than Orange County's $15,949 per household.

It is, in fact, the richest marketing area in Los Angeles.

That's why it deserves its own newspaper.

The Daily News. You can't cover L.A. without us.

(Represented by Sawyer-Ferguson-Walker Co. and Sunday MAG/NET. Source: National Planning Data Corp. 1983, Media Records, Scarborough National Syndicated Study 1983.)

Needham's first task will be to sell Madison Avenue on the country western viewer.

"We want to explain to agencies and advertisers that our viewers earn between $25,000 and $30,000 and spend every penny of it. They buy Dr Pepper rather than Perrier; they don't drive BMW's, but own two Chevvies instead. This is the last mass market in the United States — forget about narrowcasting," Werner advises.

In January, to build viewership and to get its programing on more cable systems, TNN launched a campaign now airing on various cable services. The series of commercials urges viewers to call a toll-free number if their cable system does not carry TNN. TNN, in turn, would send a "Countrygram" to the cable operator, which would document viewer demand.

Another marketing tactic *The Nashville Network* takes is to spend more time selling the client, in addition to pitching the agencies. "We talk to advertisers and agencies because the advertisers are the people that are driving the cable industry now.

"The agencies are in business to protect the business they have, and I can't really fault them. Anything that makes it more difficult to maintain their business, they just won't do. Buying cable is very difficult because it can't be justified, locally or nationally. Hence, the agencies' total reliance on measurement. Tell me about the audience, how many eyeballs, how many eyeballs are blue," Werner laments.

### The creative sell

At the agency level, Ron Kaatz, senior vice president, director of media resources and research at J. Walter Thompson thinks, too, that more marketing effort should be aimed squarely at the client.

"If I were them, I would go after advertisers with very client specific, creative suggestions, as well as the numbers and the schedules. And this has not been done that strongly. Unfortunately, we're just seeing a lot of the same commercials on cable that were created for broadcast, where instead there is incredible potential to do something different, taking advantage of the programing and the audience delivered," Kaatz suggests.

"I'd like to see the computer companies, where there is so much marketing confusion, do something different—a series of ten, one-minute, in-depth commercials demonstrating one specific aspect at a time about computers—like how to program one, for example. Kind of like the old Henry Block campaign for 17 ways to save on your income tax."

**We talk to advertiser and agencies because the advertisers are the people driving the cable industry now.**

**—Lloyd Werner, *Nashville Network*.**

Kaatz gives *The Weather Channel* high marks for approaching clients with creative ideas for using the service. Orkin, a JWT client, for example, uses *The Weather Channel* to address the different bug problems related to various weather conditions across the country—a creative tie-in to programing, Kaatz says.

"They're a very well run company, and direct their efforts to operators, consumers and advertisers," Kaatz notes. JWT has about eight clients participating on *The Weather Channel*, including Quaker, Orkin, Hyatt, Kodak and American Gas.

In addition, he adds that *The Weather Channel's* base unit cost is low enough so that advertisers can go for high frequency.

*The Weather Channel*, a subsidiary of the Atlanta-based communications conglomerate, Landmark Communications, has to date attracted a list of 67 advertisers for its 24-hour service, reaching 11 million viewers, or about 28% of all cable homes.

**Buying cable isn't just buying by the numbers; there's a certain sense or feel to the buy, too.**

**—Michael Eckert, *The Weather Channel*.**

"Buying cable is not just buying by the numbers, there's a certain sense or feel for the buy, too," says Michael Eckert, TWC's newly named vice president, advertising sales. Eckert's appointment is one change in a recent management realignment designed to create a marketing department. Heading up the department as vice president of marketing is Michael Ban, TWC's former vice president of advertising sales. Ban pledges more in the area of market research "to better understand viewer dynamics—what they're watching and what they think of it." Ban's department will also be drawing up a new promotion to air on its own and other cable networks.

Ban praises the efforts of the Council for Cable Information's national image campaign, but stresses, "it's all well and good, but should not ever replace individual marketing efforts."

Surviving a period of internal crisis last summer when its chairman, John Coleman, departed after an unsuccessful attempt to buy out Landmark's 80% of TWC, the service got a rallying vote of confidence from multiple systems operators who agreed to accept an additional monthly per-sub charge, in mid-contract.

"No advertiser left during that period, either," Eckert recalls. "In fact, we picked up some major new pieces of business, as well as renewals from existing advertisers. It demonstrated to us a belief in *The Weather Channel*, that it was a logical idea."

The challenge ahead is to demonstrate to the list of potential advertisers, a weather tie-in for their products or services, Ban explains. "And more than 65% on that list of potential advertisers have that tie-in," he adds.

Eckert entones, "Our job is to make the agencies and clients more aware of what they can do on it. In some instances, we have to help them develop new ideas."

TWC will go on the meter this year, and "once we're on the meter, we'll be able to go to network buyers and be part of an up-front buy, but we're not there now," Eckert adds. "At that time we might even be able to do a semi-roadblock, but roadblocking on cable is hard to do because we don't all have the same numbers or locations. But it will happen," he predicts.

**While we couldn't put the advertisers into the programing, we had some availibilities between the shows, and they took them. We virtually sold out all avails in that fourth quarter.**

**—Cy Schneider, *Nickelodeon*.**

### New kid on the block

New on the ad supported cable front is an old timer—Warner Amex's 4 1/2 year-old children's programing service, *Nickelodeon*. Warner Amex came to the conclusion that in order to survive, it would have to market itself as an ad supported service. Operator fees alone were not paying the freight. Warner Amex also owns the highly successful *Music Television (MTV)*, the 24-hour ad supported rock video service.

So last fall *Nickelodeon* bit the bullet and took the risky path of going ad supported. The danger in that was the possibility of turning off viewers who had come to expect uninterrupted quality programing, 14 hours a day, seven days a week.

But there was no viewer backlash, according to Cy Schneider, Nickelodeon's vice president and general manager. "There were about 10 letters and phone calls, which I responded to by sending a letter." Schneider has since left the company to write a book on kid's tv.

In the meantime, Action for Children's Television, an activist group, expressed concern that *Nickelodeon* would be taking advertising. Schneider explains that "the spokesperson for the organization, Peggy Charren, feared that by taking advertising we would fall into the ratings trap, and that we would compromise our quality standards and go the way of the other broadcasters."

But since that time, "we've discovered that what advertisers want from us is specifically the quality programing, even more so than the pure kid audience, and that we have efficient buys. That has been our big attraction," Schneider believes.

When announced to the ad community last fall that *Nickelodeon* would begin taking ads in January 1984, the response was thundering, Schneider says. "Advertisers wanted to come on board earlier, during the fourth quarter, but we were caught unaware. We had no sales staff, no rating data, no literature, plus our entire library of programing needed to be re-edited for commercial slugs."

"While we couldn't put them into the programing, we had some availabilities between shows, and they took them. We virtually sold out all avails in that fourth quarter," he explains.

In the meantime, *Nickelodeon*, reaching 16.7 million homes, went on the meter and scored a 1.0 household rating in homes with at least one person under 18 years of age during October. In homes with at least one person under 12 years of age, it averaged a 1.3 household rating and in total homes scored a 0.6 rating. In November, *Nickelodeon* inched up to a 0.7 rating, total homes.

To date, *Nickelodeon* has signed on Quaker Oats, Mars/M&M, Kellogg, Milton Bradley Toys, Smurfs Records, Walt Disney Records, The Disney Channel, Hostess Cupcakes, Activision, Warner Lamber's Bubblicious bubble gum, American Home Products, Tomy Toys and Stride Rite shoes.

One of the advantages that *Nickelodeon* stresses is that its age-directed programing allows an advertiser to target a message to any specific age group, from pre-schoolers to teens. From 8 a.m. through 3 p.m., for example, the programing is targeted to preschool children, and will only carry half the commercial time—four national and one local minutes an hour. From 3 p.m on, with programing structured for school age and teen children, it will carry seven national and one local minute per hour.

*Nickelodeon* will aggressively be marketing itself as an ad supported service this spring, Schneider asserts. "The swaddling infant called *Nickelodeon* which showed promise a few years ago is not growing up and entering a new phase in its development. We fully intend to start flexing our new muscles to become a major contender for the millions of dollars invested in advertising to reach children in the U.S. and we have an enthusiastic and growing audience to prove it."

One tactic *Nickelodeon* will use to achieve more viewer awareness is a two-pronged ad campaign aimed at kids and mothers. This spring *Nickelodeon* will break a cable broadcast campaign in major markets—"a couple of hundred points per week," Schneider says.

In addition, *Nickelodeon* will run four on-air sweepstakes for kids to build viewership. One sweepstakes, will be a "Slime-In," which is a popular event on *Nickelodeon's* program, "You Can't Do That on Tv." The winner will appear on the show, get "slimed-in," and eat at "Barfy's," a popular children's restaurant.

To make mothers more aware of the programing, *Nickelodeon* will break a print campaign in women's magazines.

The industry seems to have high hopes for *Nickelodeon's* future as an ad supported service. "They'll pull it off," predicts JWT's Kaatz.

***Nickelodeon* will pull it off.**

**—Ron Kaatz, J. Walter Thompson.**

"They're a natural for certain periods of the year, like the fourth quarter where they're really needed. But they should develop some better research numbers on who they're actually getting. They provide a little different audience than Saturday morning, and they should highlight that.

"And they will. *Nickelodeon*, you know, is from the same folks who brought us *MTV*," Kaatz concludes.

*Marianne Paskowski*

REPRO Clinique Ad

# Cosmetics

**Cosmetic ad expenditures are up by 8% as competition mounts for consumer dollars freed from the recession. Consumers, however, are looking for value for that dollar. Pricing has become an increasingly important factor in how well a brand sells. Several department store brands have opted for hefty promotions to compete with lower-priced brands. Prices overall last year were up only by 3%, sending sales gains up by 5% last year and unit growth by 2%-3%.**

Cosmetics sales continued to suffer throughout 1983, a slowing trend which began in 1981. The market is nearing maturity as the number of women entering the workforce peaks.

While unit sales during 1983 were up only 2%-3%, advertising dollars grew by 8%, a sign that the competition among cosmetics marketers is fierce.

Pricing has become one of the most important battle grounds. The higher-priced, department-sold brands, in particular, have effectively moved into the medium-priced brands' territory, siphoning off their mass market sales.

"Retail promotions have definitely become more important because the consumer wants more value for the dollar," said Deepak Raj, a cosmetics market analyst with Merrill Lynch.

"It's not that the medium-priced brands don't have a place in the market but that the more expensively priced brands have become more aggressive," he added.

Last year, prices were up only 3%, following a year when price increases, some as high as 20%, were widespread.

Particularly good performance records for 1983 were turned in by Noxell with a 25% sales increase in L'Oreal, also with a 25% gain. Maybelline's sales were up by 10%. Revlon reportedly had the worst year in its history, the problem being the difficulty of promoting a wide number of brands and product lines in several subcategories of cosmetics. Revlon is also trying to cultivate a new image for Ultima II, having phased out Lauren Hutton, the product's face nearly a decade, for Kim Alexis.

The door-to-door giants, Mary Kay and Avon, have not been repeating their strong gains of 1981. As economic conditions have improved, these two houses have lost growing numbers of saleswomen, who are no longer striving for a second income. Although both have upgraded incentives to sell, sales turnover has remained a major hurdle.

Mary Kay, however, has shown dramatic increases in growth over the past five years, which only slowed this past year. It has benefitted not only from the motivational leadership of Mary Kay herself, the founder of the company, but also from a strong position in the skin care segment, the fastest growing category in the market.

Cosmetic marketers continue to pour

Now Estée Lauder helps
skin care become skin repair
with her
Night Repair Cellular Recovery Complex.
Its exclusive complex of ingredients
is a beauty breakthrough
that cannot be duplicated,
formulated to do what no other
treatment can do.
Night Repair is a biological breakthrough
that uses the night, the time your body is resting,
to help your skin refresh and restore itself as you sleep.
Laboratory tests show that Night Repair helps
speed up the natural repair of cells
that have been damaged during the day
by the ultraviolet light all around us
(which incidentally occurs all year long,
winter as well as summer).
Night Repair also increases
the skin's ability to hold moisture.
Today Estée Lauder advances
skin care to Night Repair.
Use it tonight and
every night and
wake up to
better looking skin.
ESTÉE LAUDER

**Estee Lauder aims to be one step ahead of the competition with a skin care product that the company claims can help repair skin.**